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UNCLAS SECTION 01 OF 06 ROME 002382

SIPDIS

TREASURY FOR WSCHUERCH, MJASKOWIAK
USDA FOR FAS/LYNN REICH AND DAVID WINKELMAN
STATE FOR IO/EDA ROSE BERNSTEIN
USAID FOR AA/PPC;DAA/G/EGAD;AFS

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SUBJECT: REPORT OF SEVENTY-FIFTH SESSION OF IFAD'S
EXECUTIVE BOARD.

1. SUMMARY: THE SEVENTY-FIFTH SESSION OF THE EXECUTIVE BOARD OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) MET IN ROME CONDUCTED THEIR SEVENTY-FIFTH SESSION IN ROME, APRIL 22-23, 2002. MARK JASKOWIAK (DIRECTOR, OFFICE OF SPECIALIZED DEVELOPMENT INSTITUTIONS, U.S. DEPARTMENT OF TREASURY) REPRESENTED THE UNITED STATES AS EXECUTIVE DIRECTOR. KEY DECISIONS MADE BY THE EXECUTIVE BOARD DURING THIS SESSION INCLUDED THE APPROVAL OF SIX PROGRAMS/PROJECTS AND SEVEN GRANT PROPOSALS TOTALING USD \$121.4M (WITH THE U.S. AND CANADA ABSTAINING ON A LOAN TO HAITI), APPROVAL OF THE USE OF THE ADVANCE COMMITMENT AUTHORITY FOR UP TO USD \$106.2M, APPROVAL OF THE DRAWDOWN OF IFAD IV AND V MEMBER CONTRIBUTIONS, ON A VOLUNTARY BASIS, OF UP TO USD \$330.5M TO MEET LOAN AND GRANT DISBURSEMENTS IN 2002, THE REAPPOINTMENT OF PRICEWATERHOUSECOOPERS AS THE EXTERNAL AUDITORS FOR THE NEXT FIVE YEARS AND , APPROVAL OF A SDR 12.4M CONTRIBUTION TOWARDS THE REDUCTION OF ETHIOPIA'S DEBT TO IFAD UNDER HIPC. END SUMMARY.

FINANCIAL MATTERS

2. STATUS OF CONTRIBUTIONS TO THE FIFTH REPLENISHMENT OF IFAD'S RESOURCES. THE FIFTH REPLENISHMENT WAS DECLARED EFFECTIVE ON SEPTEMBER 7, 2001. SINCE THEN, INSTRUMENTS OF
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CONTRIBUTION AND PAYMENTS MADE AGAINST PLEDGES NOT SUPPORTED BY INSTRUMENTS OF CONTRIBUTION AMOUNT TO 71 PERCENT OF THE REVISED TOTAL PLEDGES OF USD \$442.5M MADE UNDER THE FIFTH REPLENISHMENT. THE U.S. PAID IN CASH ITS LAST USD \$5M PAYMENT DUE UNDER IFAD-4 IN MID-APRIL 2001. THE U.S. HAS RECEIVED CONGRESSIONAL APPROVAL OF THE FULL FY02 APPROPRIATIONS REQUEST OF USD \$20M (USD \$15M IS FOR IFAD V) AND HAS REQUESTED USD \$15M IN APPROPRIATIONS FOR FY03.

3. INVESTMENT PORTFOLIO. A REPORT ON IFAD'S INVESTMENT PORTFOLIO FOR 2001 AND FOR THE FIRST QUARTER OF 2002 WAS REVIEWED BY THE BOARD. IN 2001, IFAD SUSTAINED A USD \$42.9M LOSS IN ITS NET INVESTMENT INCOME STEMMING PRIMARILY FROM REALIZED/UNREALIZED LOSSES IN ITS EQUITY INVESTMENTS. THE EQUITY PORTFOLIO REGISTERED A USD \$100.3M LOSS FOR THE YEAR, FUELED BY USD \$87M IN REALIZED LOSSES AND USD \$21M UNREALIZED LOSSES. DIVIDEND INCOME OF USD \$13M HELPED SLIGHTLY TO COUNTER THIS POOR PERFORMANCE, AND INCOME FROM FIXED INCOME INSTRUMENTS CONTRIBUTED USD \$57.3M IN EARNINGS. HOWEVER, INCOME FROM GLOBAL GOVERNMENT BONDS WAS MODEST AS MARKETS STARTED TO DISCOUNT AN ECONOMIC RECOVERY. BY END-2001, IFAD'S INVESTMENT PORTFOLIO HAD DECREASED FROM \$2.07B AT END-2000 TO \$1.97B. WHILE THE AGGREGATE LOSS ON INVESTMENTS IN 2001 REPRESENTED A NET RATE OF RETURN OF - 2.26 PERCENT, RETURNS FOR THE FIRST QUARTER OF 2002 SHOWED A POSITIVE ANNUALIZED RETURN OF 2.10 PERCENT.

4. ALSO PRESENTED TO THE BOARD WAS A REPORT ON THE IMPLEMENTATION OF IFAD'S NEW INVESTMENT POLICY. THIS DOCUMENT REPORTED ON THE STATUS OF IFAD'S INVESTMENT PORTFOLIO SINCE IMPLEMENTATION OF THE NEW PORTFOLIO
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INVESTMENT POLICY IN JANUARY 2002. A KEY ACHIEVEMENT IS THAT IFAD'S FINANCIAL TEAM HAS CUT THE SHARE OF EQUITIES IN THE INVESTMENT PORTFOLIO TO ABOUT 18 PERCENT BY MARCH 12 AND IS PREPARED TO SELL OFF ADDITIONAL EQUITY WHEN MARKET CONDITIONS ARE FAVORABLE TO MEET THE TARGET CEILING OF 10 PERCENT. THEY HAVE ALSO AMENDED INVESTMENT GUIDELINES FOR DIVERSIFIED FIXED-INCOME MANDATES TO REFLECT THE CREDIT FLOOR OF AA- MANDATED IN THE NEW INVESTMENT POLICY. IN ADDITION, THE PAPER NOTES THAT THE POTENTIAL AVERAGE RATE OF RETURN ON THE NEW ASSET ALLOCATION HAS BEEN REDUCED FROM 7 PERCENT UNDER THE PREVIOUS POLICY TO 5.6 PERCENT UNDER THE NEW POLICY. ALSO, THE EXPECTED VOLATILITY OF THE PORTFOLIO

UNDER THE NEW POLICY HAS BEEN ALMOST HALVED FROM 8.2 TO 4.2 PERCENT. THE USDEL, AMONG OTHERS, COMPLIMENTED MANAGEMENT ON THE RAPID IMPLEMENTATION OF THIS NEW POLICY AND URGED DIVESTITURE TO THE 10 PERCENT TARGET AS QUICKLY AS MARKET CONDITIONS PERMIT THE MINIMIZATION/AVOIDANCE OF LOSSES.

15. RESOURCES AVAILABLE FOR COMMITMENT. THE RESOURCES AVAILABLE FOR COMMITMENT WERE CONSIDERED AND THE BOARD APPROVED THE USE OF THE ADVANCE COMMITMENT AUTHORITY (ACA) FOR UP TO USD \$106.2M. WHILE RECOGNIZING THE PRESENT NEED

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FOR ITS USE, THE USDEL ALONG WITH OTHER DELEGATIONS EXPRESSED CONCERN WITH OVERUSE OF ACA AND RECALLED THAT THE ORIGINAL INTENT OF ACA USAGE WAS TO COVER TEMPORARY SHORTFALLS. USDEL SUPPORTS THE USE OF ACA ON A LIMITED BASIS, AS A SHORT-TERM BRIDGING TOOL TO BE USED PRUDENTLY. THE CEILING OF 3 YEARS OF REFLOWS SHOULD BE CONSIDERED A MAXIMUM FOR TEMPORARY EMERGENCIES AND NOT AN ALLOWANCE FOR REGULAR USAGE. ALONG WITH OTHER DELEGATIONS, THE USDEL REQUESTED FROM MANAGEMENT THAT FUTURE DOCUMENTS INCLUDE MORE INFORMATION ON SOURCES AND USES OF ACA CALCULATIONS. IFAD MANAGEMENT NOTED THAT THE FUND WAS ADDRESSING THE CURRENT ISSUE OF LIMITED RESOURCES BY BOTH USING ACA AND BY REDUCING THE LENDING PROGRAM (FROM THE USD \$450M (REAL) TARGET). THIS ISSUE IS ALSO UNDER CONSIDERATION BY THE CONSULTATIVE GROUP FOR THE SIXTH REPLENISHMENT NEGOTIATIONS.

16. STATUS REPORT ON PRINCIPAL AND INTEREST PAYMENTS. IFAD'S TOTAL STOCK OF PAYMENT ARREARS (P PLUS +I) AMOUNTED TO USD \$61.5M AT END-2001, CLIMBING TO USD \$1.8M OVER END-2000. MORE THAN HALF (53 PERCENT) OF ARREARS STILL STEM FROM AFRICA (PRIMARILY LIBERIA, SOMALIA, AND THE CONGO) AND 25 PERCENT FROM CUBA. CUBA, THE DEMOCRATIC REPUBLIC OF THE CONGO, LIBERIA AND SOMALIA ACCOUNT FOR 79 PERCENT OF THE TOTAL ARREARS. IN LIGHT OF THE PROPOSED PROJECT FOR CAMEROON, A COUNTRY WITH AN ARREARS CLEARANCE PLAN, THE U.S.

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CHAIR SUGGESTED THAT THE BOARD MIGHT WANT TO CONSIDER, AT SOME LATER DATE, A STANDARD POLICY GUIDELINE ON LENDING TO COUNTRIES THAT HAVE ARREARS CLEARANCE PLANS, NOTING THAT THE CURRENT PRACTICE APPEARS TO BE CASE-BY-CASE.

17. AUDITED FINANCIAL STATEMENTS OF IFAD FOR 2001. THE EXECUTIVE BOARD REVIEWED IFAD'S AUDITED FINANCIAL STATEMENTS FOR 2001 (SEE INVESTMENT REPORT ABOVE). THE BOARD APPROVED THE RECOMMENDATION TO SUBMIT THESE STATEMENTS TO THE TWENTY-SIXTH SESSION OF THE GOVERNING COUNCIL FOR FINAL APPROVAL.

18. REQUIREMENTS FOR THE TWENTY-THIRD DRAWDOWN OF MEMBERS'

CONTRIBUTIONS IN 2002. MANAGEMENT REQUESTED THE BOARD'S SUPPORT FOR THE DRAWDOWN OF USD \$330.5 MILLION IN MAY 2002 TO MEET 100 PERCENT OF PROJECTED LOAN AND GRANT DISBURSEMENTS FOR 2002. TAKING INTO ACCOUNT AGREED SCHEDULES FOR INDIVIDUAL COUNTRIES, THIS REQUIRES DRAWING DOWN THE REMAINING 40.8 PERCENT OF IFAD-IV AND 61 PERCENT% OF IFAD-V CONTRIBUTIONS. THE BOARD APPROVED THE AMOUNT OF UP TO USD \$330.5M TO MEET LOAN AND GRANT DISBURSEMENTS IN 2002. THIS WILL BE DONE BY DRAWING DOWN FROM THE FOURTH AND FIFTH REPLENISHMENTS OR IN TERMS STIPULATED IN AGREEMENTS WITH INDIVIDUAL MEMBERS - MEANING THAT THE DRAW DOWNS ARE ON A VOLUNTARY BASIS WITH EACH MEMBER FREE TO ENTER INTO ITS OWN DRAWDOWN AGREEMENT. THE USDEL MADE CLEAR IT WAS UNABLE TO AGREE TO THE DRAWDOWN SCHEDULE AS REQUESTED AT THIS TIME.

19. REPORT OF THE AUDIT COMMITTEE. THE REPORT OF THE SEVENTY-SIXTH AND SEVENTY-SEVENTH MEETINGS OF THE AUDIT COMMITTEE WERE PRESENTED. THE BOARD ENDORSED THE REPORT AND APPROVED THE COMMITTEE'S RECOMMENDATION REAPPOINTING
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PRICEWATERHOUSECOOPERS AS THE EXTERNAL AUDITORS FOR THE NEXT FIVE YEARS (SUBJECT TO SATISFACTORY PERFORMANCE). THE AUDIT COMMITTEE IS CURRENTLY REVIEWING ITS MANDATE AND WILL, AFTER CONSULTATIONS WITH MANAGEMENT, SUBMIT PROPOSALS TO THE NEXT SESSION OF THE EXECUTIVE BOARD.

RE-ENGINEERING PROGRAM

110. A PROGRESS REPORT WAS REVIEWED CONCERNING THE PROGRAM TO RE-ENGINEER IFAD. THE FOLLOWING FIVE IFAD BUSINESS PROCESSES ARE UNDERGOING REDESIGN AND STRENGTHENING OF THEIR OPERATIONS: STRATEGY AND FINANCE, HUMAN RESOURCES MANAGEMENT; INFORMATION TECHNOLOGY; SUPPORT SERVICES; AND KNOWLEDGE MANAGEMENT. THE REPORT ALSO NOTED THAT THE DECISION ON THE AWARD OF A CONTRACT WITH A CONSULTING FIRM AS AN IMPLEMENTATION PARTNER IS SLATED TO BE MADE BY THE END OF MARCH 2002. WHILE APPRECIATING THE DELINEATION OF THE DIFFERENT PROJECT COMPONENTS, MOST DIRECTORS BELIEVED THAT MORE DETAIL SHOULD BE PROVIDED IN FUTURE REPORTS, ESPECIALLY WITH RESPECT TO BUDGET ALLOCATIONS.

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R 151454Z MAY 02
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INFO USDA FAS WASHDC 2126
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PROGRESS ON THE PROJECT PORTFOLIO

111. THE REPORT ON IFAD'S PROGRESS PROVIDED A COMPREHENSIVE AND FAIRLY CANDID REVIEW OF THE PERFORMANCE OF IFAD'S CURRENT PROJECT PORTFOLIO WHICH STOOD AT 241 PROJECTS AT THE END OF 2001 AND TOTALED USD -\$3.29B. SUB SAHARAN-AFRICAN

COUNTRIES REMAIN THE LARGEST RECIPIENTS OF IFAD ASSISTANCE. THE REPORT INDICATED THAT THE PORTFOLIO'S SHARE OF "UNDERPERFORMING" PROJECTS REMAINS AT THE SAME STUBBORNLY HIGH LEVEL (25 PERCENT) AS IN PREVIOUS YEARS. IT ATTRIBUTES THIS POOR PERFORMANCE TO EXOGENOUS SHOCKS SUCH AS POLITICAL UNREST AND CIVIL DISTURBANCE AS WELL AS THE AFTERMATH OF PERSISTENT DROUGHT IN THE NEAR EAST AND NORTH AFRICAN AND ASIAN REGIONS. IT ALSO ACKNOWLEDGES THAT "WEAK PROJECT MANAGEMENT CAN GIVE RISE TO A HOST OF OTHER PROJECT IMPLEMENTATION PROBLEMS." THE PAPER ADDS THAT IFAD'S LACK OF FIELD PRESENCE HAS FORCED ITS REGIONAL DIVISIONS TO SEARCH FOR WAYS TO COMPENSATE, ESPECIALLY THROUGH EXTENSIVE FOLLOW-UP MISSIONS, TECHNICAL ASSISTANCE GRANTS AND LOCAL AND INTERNATIONAL NGOS FOR PROJECT IMPLEMENTATION SUPPORT. AT PRESENT, UNOPS IS RESPONSIBLE FOR HANDLING THE ADMINISTRATION OF 55 PERCENT OF IFAD'S PORTFOLIO, FOLLOWED BY THE WORLD BANK AT 13 PERCENT WITH THE REST MANAGED BY COOPERATING INSTITUTIONS AND IFAD. IN 2001, IFAD

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SUBSTANTIALLY BOLSTERED ITS CO-FINANCING ACTIVITIES WITH THE RECEIPT OF USD \$270M IN CO-FINANCING, RESULTING IN A CO-FINANCING-TO-LOAN RATIO OF 67%, TWICE THE TARGET FOR 2001. THE PAPER ATTRIBUTES THE INCREASE IN CO-FINANCING TO A "SUCCESSFUL DRIVE TO DIVERSIFY PARTNERS" BUT REITERATES THAT IFAD'S LACK OF FIELD PRESENCE HAS HAMPERED IT FROM TAPPING MORE CO-FINANCING. FINALLY, THE DOCUMENT SUMMARIZES THE OUTCOMES OF 23 OF THE 33 PROJECTS WHICH WERE COMPLETED IN 2001 IN THE FORM OF PROJECT COMPLETION REPORTS AND ASSERTS THAT "MOST PROJECTS ACHIEVED THEIR STATED DEVELOPMENT OBJECTIVES OF INCREASING INCOME AND RAISING PRODUCTION AND PRODUCTIVITY." THE REPORT IS A HELPFUL GUIDE TO ASSESSING IFAD'S PROJECT PERFORMANCE, ESPECIALLY WITH THE SYSTEMATIC STRUCTURED FRAMEWORK. THE USDEL STATED ASSERTED THAT THE LOGISTICAL FRAMEWORK TECHNIQUE AND THE ASSOCIATED MANAGEMENT AND EVALUATION SET-UP FOR MEASURING AND REPORTING PROJECT IMPACT WILL HELP DELIVER EVEN MORE PRECISE ASSESSMENTS OF PROJECT OUTCOMES, AND SHOULD CONTINUE TO BE REFINED AND IMPROVED.

ANNUAL REPORT ON EVALUATION

12. THIS REPORT PROPOSED A NEW METHODOLOGY TO BOLSTER IFAD'S CAPACITY TO ASSESS PROJECT IMPACT. THE METHODOLOGY CONSISTS OF A SET OF EVALUATION CRITERIA AND A DEFINITION OF RURAL POVERTY IMPACT. THE USDEL SUPPORTED THE PROPOSED METHODOLOGY TO USE COMMON CRITERIA ACROSS EVALUATIONS, ENSURING THAT THE IMPACT OF THE PROJECTS IS SYSTEMATICALLY ASSESSED AND RESULTS ARE COMPARABLE ACROSS PROJECTS. IN ADDITION, THE OFFICE OF EVALUATIONS ALSO PROPOSED, AS A

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PRIORITY FOR 2002, TO "CONTRIBUTE TO THE ONGOING DEBATE ON IFAD'S FIELD PRESENCE." THE DOCUMENT NOTES THAT IFAD'S SUPERVISORY MISSIONS, ITS MAIN TOOL FOR PROJECT IMPLEMENTATION, ARE NOT PERCEIVED AS AN EFFECTIVE PROVIDER OF IMPLEMENTATION SUPPORT. AS ITS CONTRIBUTION TO THIS ISSUE, THE EVALUATION OFFICE THIS YEAR WILL CONDUCT AN EVALUATION OF IFAD'S SUPERVISORY ARRANGEMENTS, INCLUDING AN ANALYSIS OF THE QUALITY OF AND APPROACHES TO SUPERVISION. SEVERAL DELEGATIONS ALONG WITH IFAD MANAGEMENT BELIEVE THAT A VERY LIMITED FIELD PRESENCE INHIBITS ITS ABILITY TO SUPERVISE AND IMPLEMENT PROJECTS. THE EXISTING ARRANGEMENT OF UTILIZING UNOPS, THE WORLD BANK AND OTHER COOPERATING INSTITUTIONS FOR A GREAT DEAL OF IFAD'S PROJECT SUPERVISION CLEARLY MEANS THAT IFAD PROJECTS MAY NOT BE IMPLEMENTED EXACTLY ACCORDING TO IFAD STANDARDS. U.S. STRONGLY CAUTIONED THAT THE ISSUE OF INTRODUCING MORE IFAD FIELD PRESENCE NEEDS TO BE VERY CAREFULLY CONSIDERED SINCE IT WOULD HAVE A MAJOR IMPACT ON IFAD'S IDENTITY AND FUNCTIONS AS AN INSTITUTION, AND THAT ANY PROPOSED CHANGE WOULD HAVE TO BE CONSIDERED BY THE BOARD OF GOVERNORS.

13. DIRECTORS ALSO DISCUSSED THE OVERALL ROLE OF THE

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R 151454Z MAY 02
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DEPT OF TREASURY WASHDC
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EVALUATION COMMITTEE AND ITS PROCEDURES FOR REPORTING TO THE
EXECUTIVE BOARD. REGARDING THE INDEPENDENCE OF IFAD'S
EVALUATION FUNCTION, MANAGEMENT WILL PROVIDE TO THE
EVALUATION COMMITTEE INFORMATION CONCERNING THE PRACTICE IN
OTHER INTERNATIONAL ORGANIZATIONS ON REPORTING EVALUATION
RESULTS TO THEIR GOVERNING BODIES, ESPECIALLY IN LIGHT OF
THE U.S. PROPOSAL (IN THE REPLENISHMENT DISCUSSIONS) TO
ESTABLISH INDEPENDENT MANAGEMENT AND EVALUATION FUNCTIONS.

REPORT ON IFAD'S PARTICIPATION IN THE HIPC DEBT INITIATIVE

[14.](#) THE BOARD APPROVED A SDR 12.4M CONTRIBUTION IN NPV
TERMS TOWARDS THE REDUCTION OF ETHIOPIA'S DEBT TO IFAD AND
TOOK NOTE THAT THE IFAD PRESIDENT WILL TRANSFER FROM
INTERNAL RESOURCES TO THE TRUST FUND ACCOUNT THE EQUIVALENT
OF USD \$14M AND USD \$27M IN 2002 AND 2003, RESPECTIVELY, AS
AND WHEN REQUIRED. WITH RESPECT TO THE POSSIBILITY OF
RESOURCES FOR IFAD FROM THE WORLD BANK HIPC TRUST FUND,
USDEL CAUTIONED AGAINST HIGH EXPECTATIONS IN LIGHT OF THE
FUNDS EXISTING USD \$700M DEFICIT.

COUNTRY STRATEGIC OPPORTUNITIES PAPER (COSOP)

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[15.](#) THE BOARD CONSIDERED COSOPS FOR THE ARAB REPUBLIC OF
EGYPT AND THE REPUBLIC OF PERU. BOTH POSITIVE AND NEGATIVE
COMMENTS WERE MADE ON THESE DOCUMENTS - MOST NEGATIVE
STEMMING FROM A MISUNDERSTANDING OF THE PURPOSE OF A COSOP.
DURING DISCUSSIONS IT WAS SUGGESTED THAT A WORKSHOP WITH
BOARD DIRECTORS MIGHT BE APPROPRIATE TO REVIEW BOTH THE
STRUCTURE AND PURPOSE OF COSOPS. THE USDEL, IN AN EFFORT TO
PROVIDE A MORE CLEAR UNDERSTANDING OF THIS PROCESS,
EXPRESSED A WILLINGNESS TO ARRANGE A WORKSHOP FOR DIRECTORS
TO REVIEW BOTH THE STRUCTURE AND PURPOSE OF COSOPS AS
DISCUSSED IN THE DECEMBER BOARD MEETING. THE USDEL
REITERATED THAT THE COSOP SHOULD FOCUS ON IFAD'S PROJECTED
LENDING SCENARIO IN THE COUNTRY AND PROVIDE ALTERNATIVE
SCENARIOS.

PROJECT/PROGRAM PROPOSALS FOR CONSIDERATION

[16.](#) THE BOARD APPROVED SIX PROGRAMS AND PROJECTS: 1)
CAMEROON - COMMUNITY DEVELOPMENT SUPPORT PROJECT, 2) ERITREA
- GASH BARKA LIVESTOCK AND AGRICULTURAL DEVELOPMENT PROJECT,
3) INDIA - ORISSA TRIBAL EMPOWERMENT AND LIVELIHOODS
PROGRAM, 4) LAOS - OUDOXAI COMMUNITY INITIATIVES SUPPORT
PROJECT, 5) HAITI - PRODUCTIVE INITIATIVES SUPPORT PROGRAM
IN RURAL AREAS, AND 6) EGYPT- WEST NOUBARIA RURAL
DEVELOPMENT PROJECT. THE LOANS FOR THE PROGRAMS IN HAITI
AND INDIA WERE FORMULATED AND APPROVED UNDER THE FLEXIBLE
LENDING MECHANISM. THE USDEL SUPPORTED ALL PROGRAMS EXCEPT
HAITI. BECAUSE OF A U.S. POLICY WITH REGARDS TO ASSISTANCE
TO HAITI, THE USDEL (ALONG WITH CANADA) ABSTAINED FROM
VOTING ON THIS PROGRAM. USDEL EXPRESSED CONCERN THAT WITH

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HAITI'S CURRENT MACROECONOMIC MANAGEMENT AND GOVERNANCE
CONDITIONS WOULD MAKE IT DIFFICULT TO IMPLEMENT A 10-YEAR
LOAN - A LONG TERM COMMITMENT OF THIS NATURE IS
INAPPROPRIATE AT THIS TIME. IFAD MANAGEMENT AND STAFF
EXPRESSED THEIR SUPPORT OF THE LOAN STATING THAT OTHER LOANS
ARE CURRENTLY BEING IMPLEMENTED IN NEIGHBORING DOMINICAN
REPUBLIC. ARGENTINA AND MEXICO INDICATED THEIR SUPPORT FOR

THE PROPOSAL, CITING AN URGENT NEED FOR ASSISTANCE. USDEL INDICATED TO IFAD STAFF THAT GEOGRAPHIC PROXIMITY TO OTHER COUNTRIES DOES NOT INDICATE THE POTENTIAL FOR A SUCCESSFUL PROGRAM, AND THAT SHARING AN ISLAND WITH THE DOMINICAN REPUBLIC DOES NOT IMPROVE MACROECONOMIC MANAGEMENT AND GOVERNANCE CONDITIONS IN HAITI.

GRANT PROPOSALS FOR CONSIDERATION

17. THE BOARD APPROVED SEVEN GRANT PROPOSALS: 1) TECHNICAL ASSISTANCE GRANT FOR AGRICULTURAL RESEARCH AND TRAINING BY A CGIAR SUPPORTED INTERNATIONAL CENTRE CENTER, 2) TECHNICAL ASSISTANCE GRANT FOR AGRICULTURAL RESEARCH AND TRAINING BY A NON-CGIAR SUPPORTED INTERNATIONAL CENTER CENTRE, 3) TECHNICAL

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STATE FOR IO/EDA ROSE BERSTEIN
USAID FOR AA/PPC;DAA/G/EGAD;AFS

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SUBJECT: REPORT OF SEVENTY-FIFTH SESSION OF IFAD'S EXECUTIVE BOARD.

ASSISTANCE GRANT TO THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS FOR THE RURAL KNOWLEDGE NETWORK PILOT PROJECT FOR EAST AFRICA, 4) SECOND INSTALLMENT OF GRANT TO THE GLOBAL MECHANISM OF THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION IN THOSE COUNTRIES EXPERIENCING SERIOUS DROUGHT AND/OR DESERTIFICATION, PARTICULARLY IN AFRICA TO SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF ACTION PROGRAMS AND RELATED INITIATIVES, 5) PHASE II OF TECHNICAL ASSISTANCE GRANT TO THE INTERNATIONAL DEVELOPMENT RESEARCH CENTER FOR THE PROGRAM FOR ELECTRONIC NETWORKING FOR RURAL ASIA/PACIFIC PROJECTS, 6) PHASE III OF TECHNICAL ASSISTANCE GRANT TO THE INTERNATIONAL FARMING SYSTEMS RESEARCH METHODOLOGY NETWORK FOR THE FIDAMERICA NETWORK, AND 7) PHASE II OF TECHNICAL ASSISTANCE GRANT TO THE INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE FOR THE RURAL MICRO-ENTERPRISE SUPPORT PROGRAM IN LATIN AMERICA AND THE CARIBBEAN.

FLEXIBLE LENDING MECHANISM (FLM)

18. THE BOARD DISCUSSED THE USE OF FLM WITHIN THE CONTEXT OF ESTABLISHING MECHANISMS OF PROGRAM/PROJECT CONTROL AND STILL PROVIDING PROGRAMS WITH THE MAXIMUM FLEXIBILITY. AT THE SUGGESTION OF USDEL, THE BOARD WILL BE PRESENTED WITH A
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REPORT ON THE STATUS OF PROJECTS FORMULATED UNDER THE FLM AT ITS NEXT SESSION. THIS WILL BE THE FIRST BOARD DISCUSSION OF THE FLM PROGRAM SINCE IT WAS INITIATED IN 1998, AND THE U.S. HAS EXPRESSED CONCERN OVER ITS STRUCTURE AND USE SINCE THAT TIME.

PLANNED PROJECT ACTIVITIES

119. THIS DOCUMENT SUMMARIZES FIVE IFAD PROJECTS IN THE PIPELINE WHICH HAVE "REACHED AN ADVANCED STAGE OF DESIGN AND ARE LIKELY TO BE PRESENTED TO THE BOARD IN A FORTHCOMING SESSION.". THEY ARE: 1) RURAL ENTERPRISES, PHASE II, GHANA, USD \$14.5M, 2) RURAL FINANCIAL SERVICES PROGRAM, UGANDA, USD \$22.5M, 3) ENVIRONMENTALLY SENSITIVE POVERTY ALLEVIATION, CHINA, USD \$86M, 4) RURAL MICROENTERPRISE DEVELOPMENT, BRAZIL, USD \$40, 5) AGRO-PASTORAL DEVELOPMENT, TUNISIA, USD \$36M. THE USDEL EXPRESSED A GENERIC CONCERN WITH EACH OF THESE PROPOSED PROJECTS THAT INFORMATION REGARDING THE EXTENT THAT IFAD'S PROJECT DESIGNERS HAVE COORDINATED WITH OTHER MULTILATERAL DEVELOPMENT BANKS ESPECIALLY WITH RESPECT TO BEST PRACTICES AND LESSONS LEARNED WOULD BE HELPFUL. THE BOARD ALSO DECIDED TO REVIEW COSOPS FOR KENYA AND THE SUDAN AT ITS SEVENTY-SIXTH SESSION.

IFAD/NGO EXTENDED COOPERATION PROGRAM (ECP)

120. THE BOARD NOTED THE PROGRESS REPORT ON ECP. ACTIVITIES IN ECP FOR 2001 FOCUSED ON CAPACITY BUILDING OF BENEFICIARIES AND THEIR ORGANIZATIONS AS WELL AS
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INSTITUTIONAL DEVELOPMENT TO ENABLE THE RURAL POOR TO IMPROVE THEIR LIVELIHOODS.

IFAD ACTIVITIES IN THE WEST BANK AND GAZA

121. AT THE REQUEST OF THE DELEGATE OF SAUDI ARABIA, THE BOARD REVIEWED CURRENT OPERATIONS IN THE WEST BANK AND GAZA AND ADVISED MANAGEMENT TO RESUME AND INTENSIFY, AS SOON AS POSSIBLE, THE ONGOING AND PLANNED PROGRAM ACTIVITIES IN THE AREA.

PROGRESS REPORT ON IFAD'S HEADQUARTERS BUILDING

122. IFAD MANAGEMENT PROVIDED A VERBAL UPDATE ON THE RENOVATION WORK SCHEDULE FOR IFAD'S HEADQUARTERS BUILDING AND APPROVED THE DISCLOSURE, ON IFAD'S PUBLIC WEBSITE, OF DOCUMENTS THAT HAD BEEN APPROVED AT THIS SESSION.

NEW SENIOR MANAGEMENT AT IFAD

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ACTION IO-00

INFO	LOG-00	NP-00	AF-00	AID-00	AMAD-00	CIAE-00	COME-00
	CTME-00	DODE-00	ITCE-00	WHA-00	SRPP-00	EAP-00	EB-00
	EXME-00	EUR-00	UTED-00	TEDE-00	INR-00	ITC-01	NEA-00
	NSAE-00	OES-01	OIC-02	OMB-01	OPIC-01	SS-00	STR-00
	TEST-00	SA-00	SAS-00	/006W			

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INFO USDA FAS WASHDC 2129
USMISSION USUN NEW YORK
DEPT OF TREASURY WASHDC
AMEMBASSY PORT AU PRINCE
AMEMBASSY NEW DELHI
AMEMBASSY CAIRO
AMEMBASSY ASMARA
AMEMBASSY YAOUNDE
AMEMBASSY VIENTIANE

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123. IFAD PRESIDENT BAGE ANNOUNCED THE APPOINTMENT OF THE NEW VICE PRESIDENT, CYRIL ENWEZE (NIGERIA), AND THE NEW

ASSISTANT PRESIDENT, PHRANG ROY (INDIA). ENWEZE WILL HAVE
RESPONSIBILITY FOR FINANCE AND HUMAN RESOURCES; ROY'S
PORTFOLIO INCLUDES EXTERNAL AFFAIRS, ECONOMIC POLICY AND
RESOURCE STRATEGY. HEILEMAN

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